

Office of the
Legislative Fiscal Analyst

FY 2004 Budget Recommendations

Joint Appropriations Subcommittee for
Transportation, Environmental Quality, and Utah National Guard

Utah Department of Transportation
Construction

Contents:

- 1.0 Summary
- 2.0 Issues
- 3.0 Programs
- 4.0 Additional Information

1.0 Department of Transportation - Construction

Summary

The Construction Program enables the Department to manage the projects from the design stage through their completion without switching back and forth between line items for accounting and tracking purposes. The functions of this line item are separated as programs within the line item as Construction Management, I-15 Team, Field Crews, Civil Rights, Rehabilitation/Preservation, Federal Construction-New, and State Construction-New.

	Analyst FY 2004 Base	Analyst FY 2004 Changes	Analyst FY 2004 Total
Financing			
Transportation Fund	75,853,900		75,853,900
Federal Funds	128,809,600		128,809,600
Dedicated Credits Revenue	1,550,000		1,550,000
Designated Sales Tax	1,124,600		1,124,600
Total	\$207,338,100	\$0	\$207,338,100
Programs			
Construction Management	2,489,100		2,489,100
Field Crews	16,848,900		16,848,900
Federal Construction - New	60,358,400		60,358,400
Rehabilitation/Preservation	123,601,500		123,601,500
State Construction - New	3,644,600		3,644,600
Civil Rights	395,600		395,600
Total	\$207,338,100	\$0	\$207,338,100
FTE/Other			
Total FTE	270		270

2.0 Issues: Construction

2.1 Highway Funding Initiative

The Legislative plan developed in FY 1998 for the Centennial Highway Program calls for an increase of General Fund expenditure of \$11,000,000 in FY 2004. Because of the decreased revenue this past two years to the General Fund the Analyst is not recommending the \$11,000,000 increase at this time. The on going expenditure from General Fund to the Centennial Highway Program is currently \$50,595,000. These expenditures are anticipated to be used to fund a portion of the \$2.8 billion highway initiative approved during the 1997 General Session of the Legislature. The appropriation is expected to be deposited into the Centennial Highway Fund. The Analyst anticipates that these funds will be considered as ongoing expenditures in the FY 2004 budget.

3.1 Programs: Construction Management

Recommendation

It is recommended that the Legislature appropriate \$2,489,100 to Construction Management for FY 2004. Funding this recommendation includes \$2,283,900 from the Transportation Fund and \$205,200 from Federal Funds.

Personal Services of \$1,995,500 is projected to fund the 26 FTEs. Recommended travel is \$8,800. Current expense is recommended at \$471,100 with equipment expense and communication services making up major portions in this object of expenditure.

	2002 Actual	2003 Estimated	2004 Analyst	Est/Analyst Difference
Financing				
Transportation Fund	2,154,500	2,205,600	2,283,900	78,300
Federal Funds	202,100	205,200	205,200	
Transfers - Within Agency	9,926,600			
Total	<u>\$12,283,200</u>	<u>\$2,410,800</u>	<u>\$2,489,100</u>	<u>\$78,300</u>
Expenditures				
Personal Services	1,780,000	1,907,800	1,995,500	87,700
In-State Travel	2,800	2,800	2,800	
Out of State Travel	9,100	9,100	6,000	(3,100)
Current Expense	481,500	477,400	471,100	(6,300)
DP Current Expense	15,700	13,700	13,700	
Other Charges/Pass Thru	9,994,100			
Total	<u>\$12,283,200</u>	<u>\$2,410,800</u>	<u>\$2,489,100</u>	<u>\$78,300</u>
FTE/Other				
Total FTE	25	25	26	1

*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency

Purpose

The Construction Management Program exists at the Department of Transportation to take a highway project from the design stage to a completed roadway for the motoring public. Construction Management is the administrative arm of the construction process currently staffed with 14 FTEs. They have the responsibility to schedule the work force and coordinate construction projects throughout the State. This office is responsible for developing statewide construction policies, procedures and standards, and insures uniform application in all region construction operations. It is noted that 12 FTEs in this budget area are dedicated to moving the Legacy Highway concept forward.

Budget Highlights

Challenges the Construction Management group face in the future include maintaining the quality of construction on smaller projects in areas outside the Salt Lake Valley as was experienced on the massive corridor project on I-15. Management has also expressed concerns that they often have areas with numerous projects with too few crews to handle requirements while some crews are located in areas with few or no construction projects to oversee.

The Department has been required to adjust to the reality that the bulk of the construction projects that can be funded in the foreseeable future are not as evenly distributed throughout the State as in the past. The Department has been transferring crews to areas where the contracts have been awarded.

3.2 I-15 Team

Recommendation

There is no recommendation for an appropriation for the I-15 Team program for FY 2004.

	2002 Actual	2003 Estimated	2004 Analyst	Est/Analyst Difference
Financing				
Transportation Fund	776,600	292,000		(292,000)
Transfers - Within Agency	93,600			
Total	<u>\$870,200</u>	<u>\$292,000</u>	<u>\$0</u>	<u>(\$292,000)</u>
Expenditures				
Personal Services	292,300	104,300		(104,300)
In-State Travel	300			
Out of State Travel	1,500			
Current Expense	572,300	187,700		(187,700)
DP Current Expense	4,700			
Other Charges/Pass Thru	(900)			
Total	<u>\$870,200</u>	<u>\$292,000</u>	<u>\$0</u>	<u>(\$292,000)</u>
FTE/Other				
Total FTE	1	1		(1)
*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency				

Purpose

The I-15 Team was created as the Department of Transportation's oversight team for the massive rebuild project of the I-15 corridor schedule that began in the spring of 1998. A major responsibility of this group is to interface with the Wasatch Contractor group that was the successful contractor awarded the bid. This team is seeing that the State's interests are being met during the construction process and also coordinate communications to the public to help minimize problems with traffic challenges associated with construction.

3.3 Programs: Field Crews

Recommendation

It is recommended that the Legislature appropriate \$16,848,900 to the Field Crews and Seasonal Pool for FY 2004. Funding this recommendation includes \$8,701,200 from the Transportation Fund and \$8,147,700 from Federal Funds.

Personal Services of \$15,188,600 is recommended to fund the 238 FTEs in the Field Crews area. Recommended travel for Field Crews is \$50,500. Most of these funds are for reimbursement of lodging and per diem expenses incurred by Field Crew personnel.

Current expense is recommended at \$1,605,700, with equipment expense, testing of materials and communication services making up major portions in this object of expenditure.

	2002	2003	2004	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Transportation Fund	9,228,300	8,781,600	8,701,200	(80,400)
Federal Funds	7,704,300	8,147,700	8,147,700	
Transfers - Within Agency	1,073,000			
Total	\$18,005,600	\$16,929,300	\$16,848,900	(\$80,400)
Expenditures				
Personal Services	15,257,400	15,228,200	15,188,600	(39,600)
In-State Travel	65,000	49,700	49,700	
Out of State Travel	1,800	800	800	
Current Expense	2,810,000	1,646,500	1,605,700	(40,800)
DP Current Expense	4,200	4,100	4,100	
Other Charges/Pass Thru	(132,800)			
Total	\$18,005,600	\$16,929,300	\$16,848,900	(\$80,400)
FTE/Other				
Total FTE	238	238	238	

*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency

Purpose

The Field Crew program has 238 FTEs that are assigned throughout the State. The responsibility of field crews is to oversee the actual construction of highway projects. Their assignment includes all aspects of highway construction. The field crews also make sure maximum safety measures are considered for the motoring public in a given construction area.

The Seasonal Pool is used during the peak construction season to augment the permanent staff of the field crews. These seasonal employees are often college students who only seek seasonal employment. Because of efficiencies gained through the technician training program the Analyst is recommending a \$200,000 reduction in the Seasonal Pools Program for FY 2004.

This line item also includes the Career Development Group that was previously located in the Human Resources Program in Support Services. The group consists of upper-division engineering students and junior engineers that the Department is training in the various areas of the Department. With the tightening of revenues in the Transportation Fund and the weak revenue growth forecast the Legislature reduced the Career Development Group by 5 FTE during the 2002 General Session. This reduction will save the Department \$290,000 and all that much more revenue to go to repair and construction of Utah roads.

Because the expenditure on federal highway construction projects will be controlled by the actual amount of funds the highway construction contractors submit for reimbursement, the following language has been inserted in the Appropriations Act for Construction:

It is the intent of the Legislature that there is appropriated to the Department of Transportation from the Transportation Fund, not otherwise appropriated, a sum sufficient, but not more than the surplus of the Transportation Fund, to be used by the Department for the construction, rehabilitation, and preservation of State highways in Utah.

It is the intent of the Legislature that the appropriation fund first, a maximum participation with the federal government for the construction of federally designated highways, as provided by law; next the rehabilitation and preservation of State highways, as provided by law, and last, the construction of State highways, as funding permits.

It is also the intent of the Legislature that the FTEs for field crews may be adjusted to accommodate the increase or decrease in the Federal Construction Program. No portion of the money appropriated by this item shall be used either directly or indirectly to enhance or increase the appropriations otherwise made by this act to the Department of Transportation for other purposes.

It is the opinion of the Analyst that the Department has adhered to the requirements of these intent statements in the past year. It is further recommended that this intent statement be included in the FY 2004 appropriations bill.

3.4 Civil Rights

Recommendation

The Analyst recommends an appropriation of \$395,600 for the Civil Rights program for FY 2004. This appropriation funds 6 FTE positions and all costs associated with this program for the next fiscal year. About 57 percent of this program comes from federal sources.

	2002 Actual	2003 Estimated	2004 Analyst	Est/Analyst Difference
Financing				
Transportation Fund	169,700	171,200	170,100	(1,100)
Federal Funds	141,100	225,500	225,500	
Transfers - Within Agency	65,300			
Total	<u>\$376,100</u>	<u>\$396,700</u>	<u>\$395,600</u>	<u>(\$1,100)</u>
Expenditures				
Personal Services	344,800	354,100	354,100	
In-State Travel	5,300	5,300	5,300	
Out of State Travel	3,600	3,600	3,600	
Current Expense	22,400	33,700	32,600	(1,100)
Total	<u>\$376,100</u>	<u>\$396,700</u>	<u>\$395,600</u>	<u>(\$1,100)</u>
FTE/Other				
Total FTE	6	6	6	

*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency

Purpose

The Civil Rights Office is responsible for the Department's Equal Employment Opportunity program and the Department of Transportation minority business enterprise program. The objective of the minority business enterprise program is to encourage minority firms to bid on State and federal highway construction projects.

Performance Indicator

Eleven in-depth Equal Employment Opportunity compliance review audits were conducted on individual Federal-Aid project contractors. These in-depth audits also include audits of each subcontractor performing work for the prime contractors.

3.5 Programs: Rehabilitation / Preservation

Recommendation

The Analyst is recommending an appropriation of \$123,601,500 for Highway Rehabilitation/ Preservation for FY 2004.

	2002	2003	2004	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Transportation Fund	57,667,400	57,667,400	57,667,400	
Federal Funds		65,934,100	65,934,100	
Transfers - Within Agency	11,175,900			
Total	<u>\$68,843,300</u>	<u>\$123,601,500</u>	<u>\$123,601,500</u>	<u>\$0</u>
Expenditures				
Current Expense	27,266,800	32,000,000	32,000,000	
Capital Outlay	41,576,500	91,601,500	91,601,500	
Total	<u>\$68,843,300</u>	<u>\$123,601,500</u>	<u>\$123,601,500</u>	<u>\$0</u>

*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency

Purpose

The Rehabilitation/Preservation program is one of the largest recommended appropriation of any program at the Department of Transportation. Approximately \$57 million will be available for highway rehabilitation projects based on Utah Code Section 72-2-106 UCA, which states that two/elevenths of the taxes collected from the motor fuel tax and the special fuel tax, exclusive of the formula amount appropriated to the Class B and C Road Account will be used for highway rehabilitation. The actual amount available will depend upon the total collection of motor fuel and special fuel taxes collected during the fiscal year. The balance of funding for the Rehabilitation/ Preservation Program is \$65,934,100 from Federal Funds.

Some of the major activities in the Rehabilitation / Preservation budget are the traffic control program, the betterment program, and the reconstruction program.

The Traffic Control program involves traffic signal lighting and other traffic control devices which are not within the scope of another state or federal aid construction project.

The Betterment Program involves highway improvements which more than restore the highway to its former good condition without major changes in its original structure. Betterments, for the most part, are relatively small projects needed to take care of surface or drainage problems which are beyond normal maintenance activities.

The Reconstruction program, in general, involves widening, changing alignments, increasing the structural capacity, or improving the safety of existing highways. The program supplements the federal aid program in providing the funds needed to support rehabilitation needs which either ineligible for federal are funding or are beyond the scope of projected federal aid.

3.6 Programs: Federal Construction - New

Recommendation

It is recommended by the Legislative Fiscal Analyst that \$60,358,400 be appropriated by the Legislature for the Federal Highway Construction-New Program in FY 2004. This appropriation is to pay the estimated expenditures incurred by contractors on federal highway projects.

The plan of financing includes: \$4,911,300 from the Transportation Fund, \$54,297,100 from federal funds, and \$1,150,000 from dedicated credits (revenues as matching funds for federal construction projects from local government which reduces the State match requirement from the Transportation Fund).

It is noted that the recommended appropriation is an estimate only. The Federal Construction program for FY 2004 may increase or decrease depending on the amounts passed by Congress for funding Federal Highway Construction.

	2002	2003	2004	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Transportation Fund	4,911,300	4,911,300	4,911,300	
Federal Funds	186,497,000	54,297,100	54,297,100	
Dedicated Credits Revenue	3,853,400	1,150,000	1,150,000	
Trust and Agency Funds	122,400			
Transfers - Within Agency	(5,659,900)			
Total	\$189,724,200	\$60,358,400	\$60,358,400	\$0
Expenditures				
Current Expense	4,697,500	140,000	140,000	
DP Current Expense	179,700			
Capital Outlay	183,536,400	60,218,400	60,218,400	
Other Charges/Pass Thru	1,310,600			
Total	\$189,724,200	\$60,358,400	\$60,358,400	\$0

*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency

Purpose

The Federal Construction-New portion of the Construction budget includes funds for the interstate system and other federally sponsored highways. The interstate highway network in Utah is part of the 42,500 mile National System of Interstate and Defense Highways.

During recent years, the Utah Department of Transportation has seen the originally planned interstate highway system completed. That construction brought to an end more than thirty years of new interstate construction in Utah. The spring of 1998 began a new era in which the original interstate highway system in the Salt Lake Valley is being reconstructed to replace a worn and outdated system.

3.7 Programs: State Construction - New

Recommendation The Analyst recommends that \$1,124,600 from General Funds - Designated Sales Tax, \$2,120,000 from the Transportation Fund, and \$400,000 from Dedicated Credits be appropriated for FY 2004 for funding the State Construction - New Program of the Department of Transportation.

The Analyst points out that this line item will increase with increased revenues or decrease with increased appropriations within the Transportation Fund expenditures.

	2002	2003	2004	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Transportation Fund	41,118,600	1,881,500	2,120,000	238,500
Dedicated Credits Revenue	3,631,300	400,000	400,000	
Designated Sales Tax	1,000,000	1,000,000	1,124,600	124,600
Transfers - Within Agency	(16,674,500)			
Total	\$29,075,400	\$3,281,500	\$3,644,600	\$363,100
Expenditures				
Personal Services	2,932,600			
In-State Travel	90,300			
Out of State Travel	254,100			
Current Expense	13,623,800	900,000	900,000	
DP Current Expense	158,900			
Capital Outlay	10,290,700	2,381,500	2,744,600	363,100
Other Charges/Pass Thru	1,725,000			
Total	\$29,075,400	\$3,281,500	\$3,644,600	\$363,100

Purpose

The State Construction-New program is responsible for the construction of state highway projects that have prioritized importance as necessary highways but might not be eligible for federal funding. An example of projects that are considered in the State Construction-New budget is the Bangerter Highway.

The \$1,124,600 from the General Fund Designated is the required funding from provisions of House Bill 393 enacted by 1996 legislation that appropriates \$562,300 each year to State Park access roads and \$562,300 to corridor preservation.

4.0 Additional Information: Construction

4.1 Funding History

	2000	2001	2002	2003	2004
Financing	Actual	Actual	Actual	Estimated*	Analyst
Transportation Fund	79,786,200	95,630,700	116,026,400	75,910,600	75,853,900
Federal Funds	151,967,600	111,695,900	194,544,500	128,809,600	128,809,600
Dedicated Credits Revenue	8,918,800	416,000	7,484,700	1,550,000	1,550,000
Trust and Agency Funds	140,900		122,400		
Designated Sales Tax		1,000,000	1,000,000	1,000,000	1,124,600
Transfers - Within Agency	(100)	(100)			
Centennial Highway Program	(23,342,900)	(8,828,100)			
Total	\$217,470,500	\$199,914,400	\$319,178,000	\$207,270,200	\$207,338,100
Programs					
Construction Management	1,633,000	1,819,900	12,283,200	2,410,800	2,489,100
Field Crews	19,960,300	18,860,100	18,005,600	16,929,300	16,848,900
Federal Construction - New	114,471,800	92,611,500	189,724,200	60,358,400	60,358,400
Rehabilitation/Preservation	107,648,000	72,005,000	68,843,300	123,601,500	123,601,500
State Construction - New	(28,938,500)	12,171,900	29,075,400	3,281,500	3,644,600
Civil Rights	323,500	374,900	376,100	396,700	395,600
I-15 Team	2,372,400	2,071,100	870,200	292,000	
Total	\$217,470,500	\$199,914,400	\$319,178,000	\$207,270,200	\$207,338,100
Expenditures					
Personal Services	20,412,200	19,226,600	20,607,100	17,594,400	17,538,200
In-State Travel	107,100	83,000	163,700	57,800	57,800
Out of State Travel	26,300	24,200	270,100	13,500	10,400
Current Expense	26,783,500	46,815,600	49,474,300	35,385,300	35,149,400
DP Current Expense	277,600	412,700	363,200	17,800	17,800
DP Capital Outlay	533,300	92,900			
Capital Outlay	167,112,800	130,238,500	235,403,600	154,201,400	154,564,500
Other Charges/Pass Thru	2,217,700	3,020,900	12,896,000		
Total	\$217,470,500	\$199,914,400	\$319,178,000	\$207,270,200	\$207,338,100
FTE/Other					
Total FTE	283	302	270	270	270

*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency.

